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COMMITTEES  
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INTERNATIONAL RELATIONS

GOVERNMENT REFORM  
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**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-4601**

September 18, 2003

P3-03

Mr. Bryant L. VanBrakle  
Secretary  
Federal Maritime Commission  
800 North Capitol Street, NW  
Washington, D.C. 20573

Dear Mr. VanBrakle:

It is my understanding that United Parcel Service (UPS) has filed for an exemption from current regulations prohibiting Non-Vessel Operating Common Carriers (NVOCCs) from entering confidential contracts with their customers. Due to the business practices of UPS and recent developments and trends within the ocean shipping marketplace, the outdated rules governing NVOCCs should be revised.

Congress considered the *Ocean Shipping Reform Act* (OSRA) in 1998, including provisions pertaining to NVOCCs. Based on the nature of ocean shipping at the time, Congress determined that NVOCCs should be regulated differently than large vessel shippers. At the time, most NVOCCs were small enterprises. Congress acted to protect small shippers by establishing a published tariff system.

However, the nature of the U.S. ocean shipping industry has changed dramatically since the late 1990s. The industry has seen major consolidation and the loss of major U.S. flagged carriers. The industry has reacted with the emergence of large companies competing directly against NVOCCs.

The recent evolution in the ocean shipping marketplace may necessitate the Federal Maritime Commission exercise its broad exemption authority granted by Congress to reevaluate regulations pertaining to NVOCCs. I am sure you will provide due consideration for UPS' petition and render an equitable decision.

With kind regards, I remain

Sincerely,

  
Jo Ann Davis  
Member of Congress

JAD:brx

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